



## **French zinc oxide seen forcing paint retooling - traditional process zinc oxide stocks dwindle**

Warren Rappleyea

French zinc oxide seen forcing paint retooling

NEW YORK--Most domestic paint manufacturers this summer will start what may be costly conversions in their production facilities to accommodate French process zinc oxide as producer stocks of traditional zinc oxide dwindle.

With Eagle Zinc Co. remaining as North America's last maker of American process zinc oxide, paint producers may have no choice but to retool to accommodate the French process zinc oxide, one large paint executive said.

Eagle produced 6,000 pounds of zinc oxide last year in a domestic industry that turned out 24,000 pounds. While Eagle asserted that it can expand its output to meet the total market, paint makers, analysts and a competitor contended that Eagle cannot fulfill the demand for American process zinc oxide because a majority of paint companies adhere to the American method.

The exit of Zinc Corp. of America, Monaca, Pa., from the American process market in December, when it shut one of its two Palmerton, Pa., plants, has left a void in that market. The remaining plant produces French process zinc oxide, according to Gary Wickham, the company's president and chief executive.

Wickham said Zinc Corp. produced about 18,000 tons of American process zinc oxide in 1987, approximately 75 percent of the entire market.

The American process, according to one industry executive, uses zinc ore concentrate with a high level of impurities. The extremely dusty process in the past has aroused the ire of environmental groups, he said.

The French process was described as cleaner and more cost efficient compared with the labor-intensive American method. Moreover, the French process utilizes special high grade zinc, which contains fewer impurities.

"The operation we closed was more than 100 years old and so was the technology," Wickham said. Meanwhile, demand for that product had been dropping for a number of years and the plant had been using only one of its four furnaces.

In the meantime, Wickham said, Zinc Corp. has stockpiled a large, though unspecified inventory of American process zinc, which is expected to last until summer.

In order to fill the void, Wickham said Zinc Corp. has developed new high-purity grades of French process that are competitive with the American process used by paint makers.

"We believe that we have a comparable grade for every area," he said.

Not everyone agrees. At Eagle Zinc, Hillsboro, Ill., a division of T.L. Diamond Co. here, Allan Pearl, national sales manager, said paint companies using the American process would have to undergo costly transformations to accommodate the French process.

Pearl said his firm produced 6,000 tons of American process zinc oxide in 1987 at its Hillsboro plant, up 25 percent from 1986's figure. Capacity will continue to increase this year in order to meet market demands.

Eagle Zinc, which holds the remaining 25 percent of the zinc oxide market, will be able to up its capacity to fill the void created by Zinc Corp.'s departure, Pearl said.

"The American process is a small market, but the demand is consistent and strong," Pearl said. "We can meet the market demands. We are in the right place and it is the right time to take advantage of this."

In addition, Pearl said paint made with the American process has displayed better covering qualities and a longer shelf life than that made with the French process.

One zinc analyst said it is natural for paint companies to be reluctant about forsaking methods that have proven successful over the years.

"As virtually the only game in town, or at least the major player, they (Zinc Corp.) must be reasonably sure that the French process will work. Not only are they asking their customers to change, but they are moving into a more competitive market," the analyst said. "Eagle Zinc has to be worried."

Another analyst agreed. "There is no way Eagle Zinc can produce that much zinc oxide; paint people have to switch, though it won't be cheap."

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